

INFLATION STUDY GROUP MEETING
2 April 1975

AGENDA

1. Status of Office Input
2. Additional Guidance for Office Inputs
3. Status of Overall Study
4. Project Writers Meeting
 - a. Tentative Writing Assignments
 - b. Revise Outline
 - c. Review Input

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S E C R E T

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THE SHRINKING DOLLAR:

Deflators for Use of DDA Inflation Working Group*

	PERSONAL SERVICES	GOODS AND SERVICES
FY 1967	1.000	1.000
1968	.967	.974
1969	.912	.939
1970	.804	.900
1971	.757	.874
1972	.705	.817
1973	.659	.735
1974	.617	.597
1975	.585	.505

* For 1970-1975, the basis source is the revised Agency purchasing power index prepared by OER for the Office of the Comptroller, 24 January 1975. For personal services, the index has been linked to the 1967-1970 index of Federal pay prepared by the Bureau of Labor Statistics. For goods and services, the index has been linked to the 1967-1970 index for Defense goods and services prepared by the Comptroller, Department of Defense, July 1972.

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S E C R E T

SCHEDULE OF ACTIVITIES

<u>Date</u>	<u>Action to be Taken</u>	<u>Action Officers</u>	<u>Status/Comments</u>
14 Mar 75	1. Complete project outline.	<div></div>	Completed
19 Mar 75 (JRF)	2. Study Group Meeting, 1030, 5E62.	All Officers	STATINTL
	3. Review/finalize outline.	All Officers	STATINTL
	4. Present/discuss Office input.	All Officers	
	5. Designate Project Writers.	<div></div>	
	6. Designate Project Coordinator.	<div></div>	
Week of 24-28 March (Time to be established)	7. Project Writers Meeting to review/determine project input/end product. Start draft.	Project Writers	
27 26 Mar 75 (WYW)	8. Study Group Meeting, 1030, 2E23. Review progress.	All Officers	
	9. Discuss draft proposals.	Project Writers	
Week of 31 March - 4 April (Time to be established)	10. Project Writers Meeting, review input.	Project Writers	
2 Apr 75	11. Study Group Meeting, 1030, 2E23. Office input to be completed.	All Officers	
Week of 7-11 April (Time to be established)	12. Project Writers Meeting.	Project Writers. (Other Officers participate as needed)	
9 Apr 75	13. Study Group Meeting, 1030, 2E23. Review progress of draft.	All Officers	
	14. Project Writers continue with draft.		

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<u>Date</u>	<u>Action to be Taken</u>	<u>Action Officers</u>	<u>Status/Comments</u>
Week of 14-18 April 16 Apr 75	15. Study Group Meeting, 1030, 2E23. Finalize draft.	All Officers	
18 Apr 75	16. Project Writers finalize draft	Project Writers	
22 Apr 75	17. Review final paper with Assistant for Resources, DD/A	<input type="checkbox"/>	STATINTL
23 Apr 75	18. Send to P&PD for publication.	<input type="checkbox"/>	
30 Apr 75	19. Presentation of Study to DD/A	<input type="checkbox"/> All Officers may be asked to participate.	STAT

Chairman's Note: Precise discussion topics and work assignments may change as we progress in this endeavor. However, please bear in mind that our target date for completion of this Study is 30 April 1975. Your professional interest and efforts in meeting this deadline are appreciated.

☐
Chairman

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CPYRGHT

MD Salaries Tied to Fall In VA Care

By Victor Cohn
Washington Post Staff Writer

The government's medical care of 29 million veterans is rapidly becoming second-rate as "entire hospital staffs disintegrate" because of a \$36,000 ceiling on pay for veterans' doctors, a committee of more than 1,000 of these doctors charged yesterday.

The Veterans Administration medical director conceded that care in the nation's 171 VA hospitals is "slipping" for the same reason given by the doctors—a physicians' exodus caused by the lowest medical pay scale in the federal service.

The VA director, Dr. John D. Chase, urged Congress to enact a VA doctors' salary bonus comparable to the bonuses of \$10,000 to \$13,500 a year being paid doctors volunteering for the military and the Public Health Service.

Chase testified before a House Veterans Affairs subcommittee, where Dr. Kenneth Becker, president of the three-month-old Committee of Concerned VA Physicians, is scheduled to testify today.

Together, the Chase and physicians committee statements are the gravest comment on VA medical care since the VA's first post-World War II administrator, Gen. Omar Bradley, and his deputies, Dr. Paul Hawley and Dr. Paul Magnuson, reformed a hospital system that had sunk into mediocrity.

In an interview, Becker produced scores of letters from VA hospital chiefs and key doctors telling of specialists leaving ill-staffed wards, and of "grave and irreparable repercussions on the care of the sick and wounded veteran."

The VA hospitals make up one of the nation's largest medical systems. Some 6,000 VA doctors treated more than 1 million hospitalized patients and more than 12 million outpatients last year, a load about double the 1966 level.

Nearly 20 per cent of this load consists of new Indochina war veterans. These men were given faster, more effective battlefield care than the wounded of any previous war.

But one result of preserving the lives of gravely injured troops is that veterans' ranks now include 32,000 amputees and 20,000 men with spinal cord injuries who get virtually all their care at VA facilities.

"There are currently some 1,300 men with spinal cord injuries in VA beds, and there are only 63 full-time doctors for this entire program," Dr. William A. Spencer of Baylor Medical College in Houston, head of the VA's medical advisory group, told the House subcommittee.

"Our program at the Texas Rehabilitation Center has twice that many doctors. The VA spinal cord center in Houston now has no full-time doctor. This a very, very grave problem."

"We have recent letters on 150 medical resignations," Becker said. "There are hundreds [of resignations]. These doctors are being replaced by part-time staffers who can't give our patients the same attention. Some of the doctors who often come from nations with rudimentary medi-

cal schools, military retirees and, unfortunately, many inferior doctors when they are the only applicants."

Chase substantially confirmed these allegations. He said part-time doctors increased by 174 per cent last year; the percentage of foreign doctors rose to 32 per cent; VA doctors who carry simultaneous academic rank in a medical school dropped from 51 per cent to 40 per cent; two-thirds of doctors offered VA jobs refused because of low pay.

VA doctors have had the same pay scale for five years. Military basic pay for doctors is roughly similar, though it includes greater retirement and other benefits.

Also, the administration in 1974 urged and Congress passed a "temporary" bonus that until at least July 1976 pays military and Public Health Service doctors a top of \$52,000 a year—"worth \$59,000 with benefits," Becker maintained.

Last year, acting on orders from then-President Nixon, the VA made a survey of patient care. Based on that survey, Chase said last October that "a great majority of our patients are receiving good to outstanding care," but "there are deficiencies and weaknesses," including medical pay.

At that time he called for salary improvement "in the current session of Congress." But the administration offered no pay raise bill and has included no VA pay raises in its fiscal 1976 budget proposals.

Paul O'Neill, deputy director of the Office of Management and Budget, said yesterday that "President Ford added 9,500 VA medical positions and approved over \$300 million for construction. It was a matter of priority choices, and he did all he could within limits of the budget he set for himself."

"But I think the case is now compelling," he added, "for the President to entertain the idea of a doctors' bonus equivalent to the Defense Department's."

Becker will testify that the promise of a temporary bonus will not keep or attract first-class doctors—that instead they should get a new pay scale with provision for future increases. Rep. David E. Satterfield III (D-Va.), House veterans' hospital subcommittee chairman, has introduced a bill along those lines.

Becker, head of the metabolic disease division at the Washington VA Hospital with the rank of professor at George Washington University Medical School, the hospital's affiliate, said: "We're not asking for the same pay as doctors in private practice. But the opportunity for research and academic affiliation is no longer enough."

Argentine Train Crash

BUENOS AIRES, April 28 (AP)—A passenger train rammed into the rear of a station-ary commuter train in Buenos Aires today, injuring at least 15 persons, police said.

DRAFT OUTLINE

The Impact of Inflation on the
Agency's Directorate
of Administration

Executive Summary

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- II. Statement of the Problem
- III. The Shrinking Dollar - Where the Impact is Felt
 - A. Background and Causes of Inflation
 - B. Past and Future Purchasing Power of the Administrative Dollar
 - C. The Administrative Directorate's Share of the Agency Budget
 - D. The Personnel Scene
- IV. The Offices Speak About Inflation
 - A. Office of Communications
 - B. Office of Finance
 - C. Office of Joint Computer Support
 - D. Office of Logistics
 - E. Office of Medical Services
 - F. Office of Personnel
 - G. Office of Security
 - H. Office of Training
 - I. Information Systems Analysis Staff

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- V. Inter-Relationships of Inflation on Administrative Requirements
 - A. Overseas Support
 - B. Cover
 - C. Allowances
 - D. Travel and Transportation
 - E. Agency Procurement
 - F. Maintenance and Utilities
- VI. Current Guidelines and Practices
- VII. Alternatives for Dealing with Inflation
- VIII. Conclusions
- IX. Recommendations
 - A. Management-Oriented
 - B. Employee-Oriented

Exhibits -

Figures -

- I. Intro
- II. Statement of the Problem
- III. Shrinking \$
 - a. Background and Causes
 - Overall Economy
 - Growth of Inflation
 - Effect of Cartels, Shortages, Mid-East, and SEA (perhaps)
 - No Real Concern Until 1973
 - b. Past and Future Purchase Power
 - Use of Deflators
 - Current and Constant \$ w/charts
 - Projected Rates of Inflation
 - c. DD/A Share
 - Charts on Breakdown of Budget
 - d. Personnel
 - Charts
 - Pay Raises
 - CIARDS
 - COL's
 - How did DD/A fare with other DD's?
 - Personal Services Budget
 - Those Offices "Personnel Intensive"

IV. Each Office

Review activities 67-77 - particular emp. since 72

Analyze current and constant \$ figures

Object class comparison

Areas of greatest impact

Effect of personnel reductions - Savings?
Offset by equipment?

OTR

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Programs postponed, reduced, or dropped

ISAS activities as they affect DD/A and the Agency

V. Inter-relationships

Highlights from office sections

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM: Chief, Plans Staff, *OP'*
626 C of C

EXTENSION

NO.

DATE
5 March 1975

STAT

TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		
STATINTL				
1. <i>[redacted]</i> O/DDA 7D-18 Hqs.				Ed,
2.				This is the tedious part of the project but it is beginning to surface some things I didn't know.
3.				First the mechanics. Attached is one deflator set for the use of the working group. I have modified the OER deflator by adding the years 67-70 in the fashion explained in the footnote to the relevant table.
4.				
5.				Also attached are the sheets for the individual offices giving their obligations first in current dollars and then in constant dollars.
6.				
7.				Now for the interesting part.
8. the table shed tears when I explained the dire effects of inflation. From 1967 through 1972, both the personnel and materials budgets were extraordinarily level.				
9. The picture gets more complicated by organizational changes in 73 and 74, but it would seem that very recently the bite has been getting deeper.				
10. Some individual offices have taken more of a beating (see the data for Personnel--Office of, and Training).				
11. The offices most affected by personnel costs are Commo, Sec, Trng, and Log; these four offices have 78% of the DDA personnel costs in FY 1974.				
12. The offices most affected by changes in the costs of goods and services are Commo, JCS, and Log; these three have 84% of the DDA costs for goods and services.				
13. Finally, at the level of the 74 budget, a 10% rate of inflation would cost the DDA <i>[redacted]</i> greenbacks. In the "what next" department, you may wish to keep a set and send a set to <i>[redacted]</i> I believe he intends to circulate the Office data to each Office representative for comment on the validity of the constant dollar series. Does it square with the way they see things?				
14.				
15.				

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